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500 KEARNS BUILDING
136 SOUTH MAIN
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(801) 533-8383

December 27, 1984

*NRC Corporate
Guarantee Info.*

File Plateau Resources

ACT/017/016

TELECOPIER:
(801) 533-8395

Copy to PAM

Ms. Pamela Grubaugh-Littig
State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

Dear Pamela:

I thought you might be interested in the enclosed document from the NRC. It shows the NRC's planned approach to corporate guarantees used as surety under 10 CFR Part 40.

Very truly yours,


Gregory P. Williams

GPW/sbp

Enc. A/S

RECEIVED
DEC 28 1984

DIVISION OF
OIL, GAS & MINING

ENCLOSURE "A"

REQUIRED WORDING FOR CORPORATE GUARANTEE

Guarantee made this (date) by (name of guaranteeing entity), a business corporation organized under the laws of the State of (insert name of State), herein referred to as guarantor, to the United States Nuclear Regulatory Commission, (NRC) obligee, on behalf of our subsidiary (owner or operator) of (business address).

Recitals

1. Guarantor meets or exceeds the following financial test criteria, and agrees to comply with all reporting requirements for sureties as specified in CFR Part 40, Appendix A:

Guarantee shall meet one of the following two financial tests:

(a) (i) The guarantor's most recently issued senior credit obligations are "85B" or higher by Standard and Poor's Corporation, or "Baa" or higher by Moody's Investors Service, Inc.; and

(ii) The guarantor's tangible net worth is at least \$10 million and is equal to or greater than six times the sum of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; and

(iii) The guarantor's assets located in the United States amount to at least 50 percent of its total assets or at least six times the amount of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; OR

(b) (i) Guarantor's tangible net worth and net working capital are each equal to or greater than six times the sum of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; and

(ii) Guarantor's assets located in the United States amount to at least 90 percent of its total assets or at least six times the amount of the current cost estimates for decommissioning, decontamination, reclamation, and long-term surveillance required by the License; and

(iii) Guarantor meets two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and

(iv) Guarantor's tangible net worth is at least \$10 million dollars.

2. (Licensee) owns or operates the following mill(s) covered by this guarantee: (List name, license number and address for each facility).
3. "Reclamation Plan" as used below refers to the plans maintained as required and required by 10 CFR Part 40 Appendix A, for the decontamination, decommissioning, and reclamation of facilities as identified above.
- 4. For value received from (licensee), guarantor guarantees to NRC that in the event that (licensee) fails to perform the required decontamination, decommissioning, and reclamation of the above facility in accordance with the Reclamation Plan required by License No. SUA-1358, the guarantor shall do so and shall also cover eventual payment of the charge for long-term surveillance required by the Criteria of 10 CFR Part 40, Appendix A.
5. Guarantor agrees that if, at any time during the one year period when this guarantee is in effect, that the guarantor fails to meet the financial test criteria, guarantor shall within 90 days, by certified mail, send notice to the NRC and to (licensee) that he intends to provide alternate financial assurance as specified in Criteria 9 of 10 CFR Part 40, Appendix A, as applicable, in the name of (licensee). Within 120 days after the end of such action, the guarantor shall establish such financial assurance unless (licensee) has done so.
6. The guarantor agrees to notify the NRC by certified mail, of a voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code naming guarantor as debtor, within 10 days after commencement of the proceeding.
7. Guarantor agrees that within 30 days after being notified by NRC of a determination that guarantor no longer meets the financial test criteria or that he is disallowed from continuing as a guarantor of decontamination, decommissioning, and reclamation care, he shall establish alternate financial assurance as specified in 10 CFR Part 40, Appendix A, as applicable, in the name of the (licensee) unless (licensee) has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: amendment or modification of the reclamation plan, amendment or modification of the license, the extension or reduction of the time of performance of reclamation, decontamination, or decommissioning, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40, Appendix A.
9. Guarantor agrees to remain bound under this guarantee for so long as [licensee] must comply with the applicable financial assurance requirements of 10 CFR Part 40, Appendix A, for the above-listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to [licensee], such cancellation to become effective no earlier than 120 days after receipt of such notice by both NRC and [licensee], as evidenced by the return receipts.
10. Guarantor agrees that if [licensee] fails to provide alternate financial assurance as specified in Appendix A of 10 CFR Part 40, as applicable, and also to obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by the NRC from guarantor, guarantor shall provide such alternate financial assurance in the name of [licensee].
11. If the guarantor files quarterly Financial Reports with the SEC, then he shall promptly submit them to the Commission during the year in which this guarantee is in effect.
12. Guarantor expressly waives notice of acceptance of this guarantee by the EPA or by [licensee]. Guarantor also expressly waives notice of amendments or modifications of the reclamation plan and of amendments or modifications of the license.

I hereby certify that the wording of the guarantee is true and correct to the best of my knowledge.

Effective Date: _____

[Name of Guarantor]

[Authorized signature for guarantor]

[Name of person signing]

[Title of person signing]

Signature of witness or notary: _____

ENCLOSURE "B"

REQUIRED WORDING FOR LETTER FROM CHIEF FINANCIAL OFFICER

[Address to U.S. Nuclear Regulatory Commission]

I am the chief financial officer of [name and address of firm]. This letter is in support of this firm's use of the financial test to demonstrate financial assurance, for the decommissioning, decontamination, and reclamation estimates, as well as the long-term surveillance in compliance with 10 CFR Part 40, Appendix A.

[Fill out the following paragraphs regarding facilities and associated cost estimates. If your firm has no facilities that belong in a particular paragraph, write "None" in the space indicated. For each facility, include its license number, name, address, and current reclamation cost and long-term surveillance cost estimates.]

1. This firm is the owner or operator of the following facilities for which financial assurance for decommissioning, decontamination, reclamation, and long-term surveillance is demonstrated through the financial test submitted for compliance under 10 CFR Part 40, Appendix A. The current decommissioning, decontamination, reclamation, and long-term surveillance cost estimates covered by the test are shown for each facility:

2. This firm guarantees, through the corporate guarantee submitted for compliance under 10 CFR Part 40, Appendix A, the decontamination, decommissioning, reclamation, and long-term surveillance of the following facilities owned or operated by subsidiaries of this firm. The current cost estimates for the reclamation, decontamination, decommissioning, and long-term surveillance so guaranteed are shown for each facility:

This firm [insert "is required" or "is not required"] to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

Enclosure 2

The fiscal year of this firm ends on [month,day]. The figures for the following items marked with an asterick are derived from this firm's independently audited, year-end financial statements and footnotes for the latest completed fiscal year, ended [date].

Fill in either Criteria I or Criteria II.

CRITERIA I

REQUIRED WORDING FOR LETTER FROM CHIEF FINANCIAL OFFICER

(Note: For all definitions, please refer to 40 CFR 264.151(f))

- 1a. Sum of current decommissioning, decontamination, reclamation, and long-term surveillance cost estimates for facility licensed by SUA-1358 license [total of all cost estimates shown in the two paragraphs above].

\$ _____

- *2. Total liabilities [if any portion of the reclamation or long-term surveillance costs are included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4].

\$ _____

- *3. Tangible net worth

\$ _____

- *8. The sum of net income plus depreciation: depletion, and amortization.

\$ _____

- *9. Total assets in U.S. (required only if less than 90 percent of firm's assets are located in the U.S.).

\$ _____

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 10. Is line 3 at least \$10 million? | _____ | _____ |
| 11. Is line 3 at least 6 times line 1? | _____ | _____ |
| 12. Is line 7 at least 6 times line 1? | _____ | _____ |
| 13. Are at least 90 percent of firm's assets located in the U. S.? If not, complete line 14. | _____ | _____ |
| 14. Is line 9 at least 6 times line 1? | _____ | _____ |
| 15. Is line 2 divided by line 4 less than 2.0? | _____ | _____ |
| 16. Is line 3 divided by line 2 greater than 0.1? | _____ | _____ |
| 17. Is line 5 divided by line 1 greater than 1.5? | _____ | _____ |

* Denotes figures derived from financial statements.

ALTERNATIVE II

1. Sum of current decontamination, decommissioning, reclamation, and long term surveillance cost estimates.
[total of all cost estimates shown in the two paragraphs above]. \$ _____
2. Current bond rating of most recent insurance of this firm and name of rating service. \$ _____
3. Date of insurance of bond. _____
4. Date of maturity of bond. _____
- *5. Tangible net worth [if any portions of the reclamation, decontamination, decommissioning, and long-term care surveillance estimates are included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line]. \$ _____

*6. Total assets in U.S. (required only if less than 90 percent of firm's assets are located in the U.S.). \$ _____

Yes No

7. Is line 5 at least \$10 million?

8. Is line 5 at least 6 times line 1?

*9. Are at least 90 percent of firm's assets located in the U.S.? If not, complete line 10.

___10. Is line 6 at least 6 times line 1?

I hereby certify that the wording of this letter is true and correct to the best of my knowledge.

[Signature]

[Name]

[Title]

[Date]

ENCLOSURE "C"

EXAMPLE OF AUDITOR'S SPECIAL REPORT
CONFIRMATION OF CHIEF FINANCIAL OFFICER'S LETTER

We have examined the financial statements of [company name] for the year ended [], and have issued our report thereon dated [date]. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The [Company] has prepared documents to demonstrate its financial responsibility under the NRC's financial assurance regulations, in compliance with Appendix A, of 10 CFR Part 40. This letter is furnished to assist the Company in complying with these regulations and should not be used for other purposes.

The attached schedule reconciles the specified information furnished in the Chief Financial Officer's Letter in response to the regulations with the Company's financial statements. In connection therewith, we have:

1. Agreed the amounts in the column "per financial statements" with amounts contained in the Company's financial statements for the year ended []
2. Agreed the amounts in the column "per Chief Financial Officer's Letter" to the Letter prepared in response to the NRC's request.
3. Agreed the amounts in the column "reconciling items" to analyses prepared by the Company setting forth the indicated items.
4. Recomputed the totals and percentages.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on any amounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that cause us to believe the Schedule should be adjusted.

XYZ COMPANY
YEAR ENDED DECEMBER 31, 19

SCHEDULE RECONCILING AMOUNTS CONTAINED IN THE
CHIEF FINANCIAL OFFICER'S LETTER FURNISHED IN
RESPONSE TO 10 CFR PART 40, APPENDIX A, TO
AMOUNTS CONTAINED IN THE FINANCIAL STATEMENTS

<u>Line Number</u> <u>in</u> <u>CFO's Letter</u>		<u>Per</u> <u>Financial</u> <u>Statements</u>	<u>Recon-</u> <u>ciling</u> <u>Items</u>	<u>Per</u> <u>CFO's</u> <u>Letter</u>
2	Total current liabilities	X		
	Long-term debt	X		
	Deferred income taxes	X		
		XX		
	Accrued post-closure costs included in current liabilities		X	
	Total liabilities (less accrued post-closure costs)			X
3	Net Worth	XX		
	Less: Cost in excess of value of tangible assets acquired	X XX		
	Accrued post-closure costs included in current liabilities		X	
	Tangible net worth (plus accrued post-closure costs)			XX
	[balance of schedule not illustrated]			
	[This illustrates the form of schedule which is contemplated. Details and reconciling items will differ in a specific situation.]			